

Message Text

CONFIDENTIAL

PAGE 01 LA PAZ 05911 291133Z
ACTION ARA-14

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00
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R 282133Z JUL 77
FM AMEMBASSY LA PAZ
TO SECSTATE WASHDC 6433
INFO CINCSO QUARRY HTS CZ
AMEMBASSY CARACAS
AMEMBASSY BOGOTA
AMEMBASSY LIMA
AMEMBASSY QUITO

C O N F I D E N T I A L LA PAZ 5911

EO 11652: GDS
TAGS: MASS, BL
SUBJ: FY 79 SECURITY ASSISTANCE

REF: (A) LA PAZ 5562, (B) STATE 171096

1. AS INDICATED IN REF A, THIS EMBASSY VIEWS SECURITY ASSIS-
TANCE AS ESSENTIAL TO US INTERESTS AND OBJECTIVES IN BOLIVIA.
THE FY 1978 FMS CREDIT AND IMET FIGURES INCORPORATED IN THE
CPD WERE JUDGED TO BE marginally ADEQUATE TO SUSTAIN THE IN-
FLUENCE AND LEVERAGE DERIVED FROM SECURITY ASSISTANCE ACTIVI-
TIES. THESE MARGINAL LEVELS ALREADY HAVE BEEN ERODED BY THE
ESCALATING COST OF MATERIAL AND TRAINING. THE IMPACT WILL
BE MORE SEVERE IN THE FUTURE AS EVEN LEVEL DOLLAR AMOUNTS
WILL PROVIDE LESS AND LESS REAL SECURITY ASSISTANCE. IN THE
CONTEXT OF THE SECURITY ASSISTANCE ENVIRONMENT HERE E.G.,
THE COMING CRITICAL REDUCTION OF THE MILGROUP, RECENT ANNOUNCE-
MENT OF US ARMS TRANSFER POLICY AND THE STRONG IMPACT OF U.S.
HUMAN RIGHTS POLICIES, WE VIEW THE MINIMUM LEVELS NECESSARY
TO MAINTAIN A VIABLE PROGRAM SUPPORTIVE OF US INTERESTS AND
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LA PAZ 05911 291133Z

OBJECTIVES TO BE RELATED TO THE BOLIVIAN MILITARY'S OWN PER-
CEPTIONS AND REACTIONS. THESE CANNOT BE QUANTIFIED; HOWEVER,
WE JUDGE THAT ANY DRASTIC REDUCTION IN THE LEVEL OF IMET
TRAINING IN FY 1979 WOULD BE DETRIMENTAL TO US OBJECTIVES
HERE. WE ALSO CONSIDER IT IMPORTANT TO CONTINUE TO OFFER FMS:
CREDITS, EVEN THOUGH THE GOB MAY DECIDE NOT TO ACCEPT THE FY
77 FMS CREDIT BEING OFFERED.

2. IMET TRAINING

A. MINIMUM LEVEL: \$600,000. IN 1977 DOLLARS THIS IS A MAJOR DECLINE FROM THE FY 1977 LEVEL AND WOULD CAUSE A MAJOR REDUCTION IN ATTENDANCE AT BOTH CONUS AND CZ SCHOOLS AND WOULD FALL FAR BELOW THE PROJECTED TRAINING NEEDS OF THE BOLIVIAN ARMED FORCES. BECAUSE OF THE LOW LEVEL OF ECONOMIC DEVELOPMENT OF BOLIVIA, THIS FUNDING DEFICIENCY WOULD NOT BE OFFSET BY FMS TRAINING PURCHASES. A REDUCTION BELOW THIS LEVEL WOULD BE PERCEIVED BY THE GOB AS FINAL EVIDENCE THAT THE USG CAN NO LONGER BE DEPENDED UPON AS A SOURCE OF NECESSARY TRAINING. TRAINING WOULD BE SOUGHT AND RECEIVED FROM OTHER COUNTRIES WHO OFFER THE REQUIRED TRAINING AT LOWER COST.

B. INTERMEDIATE LEVEL: \$700,000. TRAINING FUNDS AT THIS LEVEL WOULD STILL RESULT IN AN OVERALL REDUCTION OF TRAINING BOTH IN THE CONUS AS WELL AS CZ. TOTAL STUDENT ATTENDANCE AT ALL SCHOOLS WOULD BE REDUCED TO A LEVEL WHICH WOULD NOT ALLOW ACHIEVING BOLIVIAN TRAINING NEEDS.

C. CURRENT LEVEL: \$750,000. CURRENTLY PROGRAMMED FOR FY 78. THIS LEVEL OF FUNDING WILL PERMIT BOLIVIA TO TRAIN PERSONNEL TO A LEVEL THAT WILL MINIMALLY MEET CURRENT TRAINING NEEDS. FUNDING AT THIS LEVEL ALLOWS FOR A TOKEN LEVEL OF CONUS TRAINING, BUT DOES IMPACT NEGATIVELY ON CZ TRAINING.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LA PAZ 05911 291133Z

THOUGH REDUCED, THE UNIQUE, CZ TRAINING WOULD STILL BE AVAILABLE AT A LEVEL WHICH WOULD PROBABLY PRECLUDE THE NEED FOR TRAINING FROM OTHER SOURCES, ASSUMING BOLIVIA CONTINUES ITS PRESENT RESTRAINED ARMS PURCHASING POLICY.

D. INCREMENTAL LEVEL: \$900,000. THIS LEVEL OF IMET FUNDING WOULD ALLOW THE BOLIVIAN ARMED FORCES TO REALIZE A MAXIMUM OF TRAINING IN SUPPORT OF ALL NEWLY ACQUIRED EQUIPMENT. FURTHER, IT WOULD ALLOW FOR INCREASED ATTENDANCE OF STUDENTS (FUTURE BOLIVIAN LEADERS) AT CONUS SCHOOLS WHICH WOULD IMPACT FAVORABLY ON CURRENT AND FUTURE US/BOLIVIAN RELATIONS. ATTENDANCE IN CZ SCHOOLS WOULD INCREASE, PERMITTING A MORE EFFECTIVE USAGE OF THESE FACILITIES, AND IMPACT FAVORABLY ON INTER-LATIN AMERICAN RELATIONS AND UNDERSTANDING THROUGH THE MIXING OF STUDENTS OF VARIOUS NATIONS IN THE SAME CLASSROOM ENVIRONMENT.

3.A. FMS CREDITS:

LEVEL	EQUIPMENT
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MINIMUM \$6 MILLION	UH-IH HELICOPTERS
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INTERMEDIATE 9 MILLION	C-130H AIRCRAFT
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CURRENT 14 MILLION	C-130H AND UH-IHS
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INCREMENTAL 18 MILLION	C-130H, UH-IHS
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ESTIMATE OF IMPACT OF LEVELS: THE OFFERING OF BOTH MINIMUM AND INTERMEDIATE LEVELS OF FMS CREDITS IN FY 79 WOULD BE SEEN BY THE GOVERNMENT OF BOLIVIA (GOB) AS FURTHER INDICATION OF DECLINING USG INTEREST AND INDIFFERENCE TO GOB OBJECTIVES. WITH IMPENDING REDUCTION OF THE USMILGP IN FY 78, THE USG REFUSAL TO EXTEND MORE FAVORABLE TERMS FOR THE FY 77 FMS CREDITS, THE NUMEROUS CREDIT OFFERS TO GOB BY BOTH COMMUNIST BLOC AND EUROPEAN COUNTRIES, AND THE CURRENT USG ARMS EXPORT POLICY, THE GOB IS BEGINNING TO LOOK TO OTHER SOURCES FOR SECURITY ASSISTANCE. RECENT REMARKS BY THE MINISTER OF DEFENSE POINTED OUT THAT GOB IS ORIENTED TO DEMOCRATIC PRINCIPLES AND IDEALS, AND LOOKS TO THE USG AS A FRIEND WHICH SHOULD BE SYMPATHETIC TO SECURITY ASSISTANCE REQUIREMENTS. MOD ADDED THAT

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 LA PAZ 05911 291133Z

GOB HAD NOT ENTERED INTO ARMS RACE, BUT PERU BUILD-UP MUST BE TAKEN INTO CONSIDERATION. ALSO MOD STATED THAT GOB DID NOT WANT SOVIET ARMS OR TECHNICIANS, AND WOULD MUCH PREFER US ASSISTANCE.

B. GOB HAS DURING RECENT YEARS ALLOCATED A DECREASING AMOUNT OF ANNUAL BUDGET FOR DEFENSE PURPOSES AND HAS GIVEN PRIORITY TO NATIONAL ECONOMIC DEVELOPMENT. FY 74 CREDITS WERE USED FOR PURCHASE OF TRANSPORT AND PHOTO MAPPING AIRCRAFT. FY 75 FMS CREDITS ARE BEING EXPENDED FOR PURCHASE OF ROAD BUILDING EQUIPMENT FOR THE BOLIVIAN ARMY ENGINEERS. FY 76 FMS CREDITS WERE USED FOR THE PURCHASE OF A C-130 AIRCRAFT TO INITIATE LONG-HAUL CARGO OPERATIONS. SUCH PURCHASES HAVE OBVIOUSLY BEEN ORIENTED TO COUNTRY DEVELOPMENT, AND ARE EVIDENCE OF GOB PRIORITIES ON OTHER THAN ARMS BUILD-UP.

C. TO MAINTAIN THIS ORIENTATION IN LIGHT OF ARMS PURCHASES BY OTHER COUNTRIES IN THE REGION WILL BE DIFFICULT. HOWEVER, USG FY 79 FMS CREDITS OF AT LEAST THE FY 78 LEVEL (14 MILLION PROPOSED), AND PREFERABLY THE INCREMENTAL LEVEL, WOULD PROVIDE GOB AN OPTION TO CONTINUE ORIENTING ITS PURCHASES TOWARDS THE U.S., AND PROBABLY FOR BASICALLY ECONOMIC PURPOSES. HOWEVER, FAR MORE CRITICAL THAN AMOUNT OF CREDITS WILL BE CREDIT TERMS. SOFTER TERMS WOULD SIGNAL USG RECOGNITION THAT BOLIVIA IS ONE OF THE HEMISPHERE'S POOREST NATIONS, DESERVING OF SPECIAL CONSIDERATION, AS WELL AS PROVIDE THE OPPORTUNITY FOR US TO CONTINUE INFLUENCING GOB DEFENSE PURCHASES.

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